



BILLING CODE: 3510-DS-P

DEPARTMENT OF COMMERCE

International Trade Administration

A-570-928

Uncovered Innerspring Units from the People's Republic of China: Preliminary Results and Preliminary Rescission, in Part, of the Antidumping Duty Administrative Review

AGENCY: Import Administration, International Trade Administration, Department of Commerce

SUMMARY: The Department of Commerce ("Department") is conducting an administrative review of the antidumping duty order¹ on uncovered innerspring units ("innersprings") from the People's Republic of China ("PRC") for the period of review ("POR") February 1, 2010, through January 31, 2011. As discussed below, we preliminarily determine that Goodnite Sdn Bhd ("Goodnite") failed to cooperate to the best of its ability and are, therefore, applying adverse facts available ("AFA") to Goodnite's PRC-origin merchandise. If these preliminary results are adopted in our final results of review, we will instruct U.S. Customs and Border Protection ("CBP") to assess antidumping duties on entries of subject merchandise during the POR.

FOR FURTHER INFORMATION CONTACT: Susan Pulongbarit, AD/CVD Operations, Office 9, Import Administration, International Trade Administration, Department of Commerce, 14th Street and Constitution Avenue, NW, Washington, DC 20230; telephone: (202) 482-4031.

¹ See *Uncovered Innerspring Units from the People's Republic of China: Notice of Antidumping Duty Order*, 74 FR 7661 (February 19, 2009).

SUPPLEMENTARY INFORMATION:

Case Timeline

On February 28, 2011, the Department received a request from Petitioner² to conduct an administrative review of two companies, Reztec Industries Sdn Bhd (“Reztec”) and Goodnite. On March 31, 2011, the Department published in the *Federal Register* a notice of initiation of an administrative review of the antidumping duty order on innersprings from the PRC.³

On April 28, 2011, the Department issued antidumping duty questionnaires to Reztec and Goodnite, since they were the only two companies for which a review was requested.⁴ On May 3, 2011, Goodnite received the antidumping duty questionnaire issued by the Department.⁵ On May 19, 2011, Reztec submitted a no-shipment certification to the Department.⁶ Goodnite did not respond to the Department’s questionnaire.

Scope of the Order

The merchandise subject to the order is uncovered innerspring units composed of a series of individual metal springs joined together in sizes corresponding to the sizes of adult mattresses (*e.g.*, twin, twin long, full, full long, queen, California king and king) and units used in smaller constructions, such as crib and youth mattresses. All uncovered

² The petitioner is Leggett & Platt, Inc. (hereinafter referred to as “Petitioner”).

³ See *Initiation of Antidumping Duty Administrative Reviews, Requests for Revocation in Part, and Deferral of Administrative Review*, 76 FR 17825 (March 31, 2011).

⁴ See Letter from Department to Reztec, regarding Second Administrative Review of Uncovered Innerspring Units from the People’s Republic of China: Antidumping Duty Questionnaire, dated April 28, 2011; and Letter from Department to Goodnite, regarding Second Administrative Review of Uncovered Innerspring Units from the People’s Republic of China: Antidumping Duty Questionnaire, dated April 28, 2011.

⁵ See Memorandum to the File, from Susan Pulongbarit, International Trade Analyst, AD/CVD Office 9, Import Administration, regarding 2010-2011 Administrative Review of Uncovered Innerspring Units from the People’s Republic of China: Confirmation of Receipt, dated May 17, 2011.

⁶ See Letter from Reztec, to the Secretary of Commerce, regarding Uncovered Innerspring Units from China Entry of Appearance and No-Shipment Letter of Reztec Industries Sdn Bhd, dated May 19, 2011.

innerspring units are included in the scope regardless of width and length. Included within this definition are innersprings typically ranging from 30.5 inches to 76 inches in width and 68 inches to 84 inches in length. Innersprings for crib mattresses typically range from 25 inches to 27 inches in width and 50 inches to 52 inches in length.

Uncovered innerspring units are suitable for use as the innerspring component in the manufacture of innerspring mattresses, including mattresses that incorporate a foam encasement around the innerspring.

Pocketed and non-pocketed innerspring units are included in this definition. Non-pocketed innersprings are typically joined together with helical wire and border rods. Non-pocketed innersprings are included in this definition regardless of whether they have border rods attached to the perimeter of the innerspring. Pocketed innersprings are individual coils covered by a “pocket” or “sock” of a nonwoven synthetic material or woven material and then glued together in a linear fashion.

Uncovered innersprings are classified under subheading 9404.29.9010 and have also been classified under subheadings 9404.10.0000, 7326.20.0070, 7320.20.5010, or 7320.90.5010 of the Harmonized Tariff Schedule of the United States ("HTSUS"). The HTSUS subheadings are provided for convenience and customs purposes only; the written description of the scope of the order is dispositive.

Intent to Rescind, in Part, of Administrative Review

Pursuant to 19 CFR 351.213(d)(3), we have preliminarily determined that Reztec had no shipments of subject merchandise during the POR of this administrative review.

The Department received a no-shipment certification from Reztec on May 19, 2011. The Department issued a no-shipment inquiry to U.S. Customs Border and

Protection (“CBP”), asking that CBP provide any information contrary to our preliminary findings of no entries of subject merchandise for merchandise manufactured and shipped by Reztec.⁷ We did not receive any response from CBP, thus indicating that there were no entries of subject merchandise into the United States exported by Reztec.

Consequently, we intend to rescind the review, in part, with respect to Reztec.

Facts Otherwise Available

Section 776(a)(1) of the Tariff Act of 1930, as amended (“the Act”), mandates that the Department use facts otherwise available if necessary information is not available on the record of an antidumping proceeding. In addition, section 776(a)(2) of the Act mandates that the Department use facts otherwise available where an interested party or any other person: (A) withholds information requested by the Department; (B) fails to provide requested information by the requested date or in the form and manner requested; (C) significantly impedes an antidumping proceeding; or (D) provides information that cannot be verified.

As previously noted, Goodnite did not respond to the antidumping duty questionnaire issued by the Department on April 28, 2011. Accordingly, the Department finds that the necessary information is not available on the record of this proceeding. Further, based upon Goodnite’s failure to submit responses to the Department’s questionnaire, the Department finds that Goodnite withheld the requested information, failed to provide the information in a timely manner and in the form requested, and significantly impeded this proceeding, pursuant to sections 776(a)(2)(A), (B), and (C) of

⁷ See Memoranda to Michael Walsh, Director, AD/CVD/Revenue Policy & Programs, from Jim Doyle, Office Director, dated between October 28, 2010, to December 17, 2010, Request for U.S. Entry Documents: Certain Steel Nails from the People’s Republic of China.

the Act. Therefore, the Department must rely on the facts otherwise available in order to determine a margin for Goodnite.⁸

Adverse Facts Available

Section 776(b) of the Act states that if the Department “finds that an interested party has failed to cooperate by not acting to the best of its ability to comply with a request for information from the administering authority . . . , the administering authority . . . may use an inference that is adverse to the interests of that party in selecting from among the facts otherwise available.”⁹ Adverse inferences are appropriate “to ensure that the party does not obtain a more favorable result by failing to cooperate than if it had cooperated fully.”¹⁰ In selecting an adverse inference, the Department may rely on information derived from the petition, the final determination in the investigation, any previous review, or any other information placed on the record.¹¹

As previously stated, Goodnite failed to cooperate to the best of its ability in providing the requested information. Accordingly, pursuant to sections 776(a)(2)(A), (B), and (C) and section 776(b) of the Act, we find it appropriate to assign total AFA to Goodnite.¹² By doing so, we ensure that Goodnite will not obtain a more favorable result by failing to cooperate than had they cooperated fully in this review.

⁸ See *Non-Malleable Cast Iron Pipe Fittings from the People's Republic of China: Final Results of Antidumping Duty Administrative Review*, 71 FR 69546 (December 1, 2006) (“*Cast Iron Pipe Fittings*”) and accompanying Issues and Decision Memorandum at Comment 1.

⁹ See also Statement of Administrative Action accompanying the Uruguay Round Agreements Act, H.R. Rep. No. 103-316 at 870 (1994) (“SAA”).

¹⁰ *Id.*

¹¹ See section 776(b) of the Act.

¹² See *Certain Frozen Warmwater Shrimp From the Socialist Republic of Vietnam: Preliminary Results of the First Administrative Review and New Shipper Review*, 72 FR 10689, 10692 (March 9, 2007) (decision to apply total AFA to the NME-wide entity), unchanged in *Certain Frozen Warmwater Shrimp From the Socialist Republic of Vietnam: Final Results of the First Antidumping Duty Administrative Review and First New Shipper Review*, 72 FR 52052 (September 12, 2007) and accompanying Issues and Decision Memorandum.

In selecting an AFA rate, the Department's practice has been to assign non-cooperative respondents the highest margin determined for any party in the less than fair value ("LTFV") investigation or in any administrative review.¹³ Therefore, because Goodnite is not a PRC exporter, we are not assigning Goodnite the PRC-wide entity's rate, but rather its own rate, based on AFA, which in this case is 234.51 percent, as established in the investigation.^{14, 15}

Corroboration

Section 776(c) of the Act requires that, where the Department relies on secondary information in selecting AFA, the Department corroborate such information to the extent practicable. To be considered corroborated, the Department must find the information has probative value, meaning that the information must be both reliable and relevant.¹⁶

The Department considers the AFA rate calculated for the current review as both reliable and relevant. On the issue of reliability, the Department corroborated the AFA rate in the LTFV investigation.¹⁷ No information has been presented in the current review that calls into question the reliability of this information. With respect to the relevance, the Department will consider information reasonably at its disposal to

¹³ See, e.g., *Cast Iron Pipe Fittings*, 71 FR at 69548.

¹⁴ See *Uncovered Innerspring Units From the People's Republic of China: Final Determination of Sales at Less Than Fair Value*, 73 FR 79443, 79446 (December 29, 2008) and accompanying Issues and Decision Memorandum.

¹⁵ We note that this decision applies only to Goodnite's subject merchandise, which is limited to PRC-origin merchandise.

¹⁶ See SAA at 870; *Tapered Roller Bearings and Parts Thereof, Finished and Unfinished, From Japan, and Tapered Roller Bearings, Four Inches or Less in Outside Diameter, and Components Thereof, From Japan; Preliminary Results of Antidumping Duty Administrative Reviews and Partial Termination of Administrative Reviews*, 61 FR 57391, 57392 (November 6, 1996), unchanged in *Tapered Roller Bearings and Parts Thereof, Finished and Unfinished, From Japan, and Tapered Roller Bearings, Four Inches or Less in Outside Diameter, and Components Thereof, From Japan; Final Results of Antidumping Duty Administrative Reviews and Termination in Part*, 62 FR 11825 (March 13, 1997).

¹⁷ See *Uncovered Innerspring Units From the People's Republic of China: Final Determination of Sales at Less Than Fair Value*, 73 FR 79443, 79446 (December 29, 2008) and accompanying Issues and Decision Memorandum ("*Innersprings Final Determination*").

determine whether a margin continues to have relevance. Where circumstances indicate that the selected margin is not appropriate as AFA, the Department will disregard the margin and determine an appropriate margin. For example, in *Fresh Cut Flowers from Mexico* the Department disregarded the highest margin in that case as best information available (the predecessor to AFA) because the margin was based on another company's uncharacteristic business expense resulting in an unusually high margin.¹⁸ The information used in calculating this margin was based on sales and production data submitted by Petitioner in the LTFV investigation, together with the most appropriate surrogate value information available to the Department chosen from submissions by the parties in the LTFV investigation.¹⁹ Finally, there is no information on the record of this review that demonstrates that this rate is not appropriate for use as AFA. For all these reasons, we determine that this rate continues to have relevance with respect to Goodnite.

As the 234.51 percent AFA rate is both reliable and relevant, we determine that it has probative value and is corroborated to the extent practicable, in accordance with section 776(c) of the Act. Therefore, we have assigned this AFA rate to exports of the subject merchandise by Goodnite.

Preliminary Results of Review

The Department preliminarily determines that the following weighted-average dumping margin exists:

¹⁸ See *Fresh Cut Flowers from Mexico; Final Results of Antidumping Administrative Review*, 61 FR 6812, 6814 (February 22, 1996) ("*Fresh Cut Flowers from Mexico*").

¹⁹ See *Uncovered Innerspring Units from the People's Republic of China: Preliminary Determination of Sales at Less Than Fair Value*, 73 FR 45729, 45735 (August 6, 2008), unchanged in *Innerspring Final Determination*, 73 FR at 79446 .

Manufacturer/Exporter	Margin (percent)
Goodnite	234.51

Briefs and Public Hearing

Interested parties are invited to comment on the preliminary results and may submit case briefs and/or written comments within 30 days of the date of publication of this notice, pursuant to 19 CFR 351.309(c)(1)(ii). Rebuttal briefs, limited to issues raised in the case briefs, will be due five days later, pursuant to 19 CFR 351.309(d). Parties who submit case or rebuttal briefs in this proceeding are requested to submit with each argument (1) a statement of the issue and (2) a brief summary of the argument. Parties are requested to provide a summary of the arguments not to exceed five pages and a table of statutes, regulations, and cases cited, in accordance with 19 CFR 351.309(c)(2).

Pursuant to 19 CFR 351.310(c), interested parties who wish to request a hearing, or to participate if one is requested, must submit a written request to the Assistant Secretary for Import Administration, Room 1117, within 30 days of the date of publication of this notice. Requests should contain: (1) the party's name, address and telephone number; (2) the number of participants; and (3) a list of issues to be discussed. Issues raised in the hearing will be limited to those raised in the respective case briefs.

The Department intends to issue the final results of this administrative review, including the results of its analysis of the issues raised in any written briefs, not later than 120 days after the date of publication of this notice, pursuant to section 751(a)(3)(A) of the Act.

Assessment Rates

Upon issuance of the final results, the Department will determine, and CBP shall assess, antidumping duties on all appropriate entries covered by this review. The Department intends to issue assessment instructions to CBP 15 days after the publication date of the final results of this review. In accordance with 19 CFR 351.212(b)(1), we will calculate importer- (or customer-) specific assessment rates for the merchandise subject to this review. Where the respondent has reported reliable entered values, we will calculate importer- (or customer-) specific *ad valorem* rates by aggregating the dumping margins calculated for all U.S. sales to each importer (or customer) and dividing this amount by the total entered value of the sales to each importer (or customer). Where an importer- (or customer-) specific *ad valorem* rate is greater than *de minimis*, we will apply the assessment rate to the entered value of the importers'/customers' entries during the POR, pursuant to 19 CFR 351.212(b)(1).

Cash Deposit Requirements

The following cash deposit requirements will be effective upon publication of the final results of this administrative review for all shipments of the subject merchandise entered, or withdrawn from warehouse, for consumption on or after the publication date, as provided for by section 751(a)(2)(C) of the Act: (1) for the exporters listed above, the cash deposit rate will be the rate established in the final results of this review (except, if the rate is zero or *de minimis*, *i.e.*, less than 0.5 percent, no cash deposit rate will be required for that company); (2) for previously investigated or reviewed PRC and non-PRC exporters not listed above that have separate rates, the cash deposit rate will continue to be the exporter-specific rate published for the most recently completed

period; (3) for all PRC exporters of subject merchandise that have not been found to be entitled to a separate rate, the cash deposit rate will be the PRC-wide rate of 234.51 percent; (4) for all non-PRC exporters of subject merchandise which have not received their own rate, the cash deposit rate will be the rate applicable to the PRC exporter(s) that supplied that non-PRC exporter; and (5) for Goodnite, any uncovered innerspring units of PRC origin, the cash deposit rate will be 234.51 percent. These deposit requirements, when imposed, shall remain in effect until further notice.

Notification to Importers

This notice also serves as a preliminary reminder to importers of their responsibility under 19 CFR 351.402(f)(2) to file a certificate regarding the reimbursement of antidumping duties prior to liquidation of the relevant entries during this review period. Failure to comply with this requirement could result in the Secretary's presumption that reimbursement of antidumping duties occurred and the subsequent assessment of double antidumping duties.

These preliminary results are issued and published in accordance with sections 751(a)(1) and 777(i)(1) of the Act and 19 CFR 351.221(b)(4).

Paul Piquado
Assistant Secretary
for Import Administration

November 30, 2011 _____
Date

